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HEARING ON
RISING DIESEL FUEL COSTS IN THE TRUCKING INDUSTRY

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As we see on the news everyday, the cost of regular gasoline and diesel has skyrocketed. According to the Energy Information Administration, last week the price of regular gasoline rose to an all-time high of $3.60 per gallon. Likewise, the average price of diesel reached a record high $4.17. And that's just the national average – in California a gallon of diesel will cost you $4.38 and in New England it's $4.33. A gallon of diesel fuel has risen 48 percent in the last year and 166 percent since 2003. These record prices have enabled the six top oil companies to make $121 billion in profits in 2007. And as you know, the 2008 prices have steadily climbed higher.

While every American driver is impacted by these dramatic gas increases, this rise in fuel costs has had a particularly significant impact on the trucking industry. Each time the price of fuel increases by 5 cents per gallon, a trucker's annual costs increase by $1,000. In the month of April the price of diesel increased by more than 20 cents per gallon – for a cost of $4,000 to an individual truck driver. And when the average trucker feels the pinch of gas prices, the increased cost of transporting goods to market significantly affects the price of many consumer goods.

Given this sharp rise in the cost of transporting goods by truck, many motor carriers, independent drivers, and brokers are assessing fuel charges on shippers in order to cover the increased cost of hauling their goods. That only makes sense. Our motor carrier industry is entitled to make a decent living and they can't be expected to completely cover the astronomical cost of fuel these days.

However, it has come to this subcommittee's attention that when a fuel surcharge is assessed, the surcharge doesn't always make it to the person who is paying for the fuel. It's only fair that the person who pays for the gas receives the surcharge, just like it's only fair that when a shipper pays a fuel surcharge to a broker, carrier, or independent driver that they are certain it's actually paying for fuel.

I am confident that most brokers and carriers are honest operators that pass any fuel surcharge to the person who purchases the gas. But there are bad actors out there and that's why I've introduced the Trust in Reliable Understanding of Consumer Costs (TRUCC) Act.

Congress deregulated the motor carrier industry in the 1970s and 1980s. Further, in the 1995 ICC Termination Act Congress made clear that it believed the Department of Transportation should allocate its scarce resources to focus on safety and not economic regulation of motor carriers.

This bill won't re-regulate the industry as its detractors purport. It simply levels the playing field – those charging a surcharge won't have to file anything with the Federal government, which is the very definition of regulation. Rather, all the TRUCC Act requires them to do is to pass the surcharge on to the person responsible for paying the cost of fuel and to disclose that surcharge and other charges in writing. I know many of our witnesses have strong opinions on this legislation and I look forward to hearing from them.

Today we will hear from experts on energy policy and the oil industry as to the underlying causes of our rising gas prices, both regular and diesel. We will also hear from those in the trucking industry on their experience with fuel surcharges and how they handle increased fuel costs.

Thank you.